

## Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 AF-06 ARA-06 EA-07 NEA-10 L-03

CIAE-00 INR-07 NSAE-00 AID-05 EB-07 COME-00 SIL-01

LAB-04 STR-04 DIWY-01 TRSE-00 /084 W

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P 2016161Z NOV 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 7196

INFO USMISSION USUN PRIORITY

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E.O. 11652: N/A

TAGS: UNIDO, ABUD, AORG

SUBJECT: UNIDO PROGRAM/BUDGET

REF: A. STATE 268566; B. USUN 5971

1. FOLLOWING COMMENTS ARE OFFERED ON UNIDO  
OCTOBER P/B AND ADDENDUM.

2. PROGRAM BREAKDOWN REFLECTS NEW ORGANIZATION  
OF SECRETARIAT. REVISED PRESENTATION (I.E. IN  
COMPARISON WITH P/B CONTAINED ID/B/154) IS NOT AN  
INCREMENTAL BUDGET AND DOES NOT PERMIT EASY IDENTIFICATION  
OF SPECIFIC PROGRAM INCREASES IN COMPARISON WITH  
PREVIOUS BIENNIUM. ABSENCE OF MANNING TABLES MAKES  
IT IMPOSSIBLE TO ASSESS SPECIFIC STAFFING PATTERNS AND  
NEED FOR POSTS IN THE NEWLY CONSTITUTED SECTIONS.  
RESHUFFLING OF ORGANIZATIONAL UNITS, ESTABLISHMENT OF  
NEW ORGANIZATIONAL ENTITIES AND DISAPPEARANCE OF OTHERS  
MAKES IT DIFFICULT TO APPRAISE VARIOUS OVERALL FIGURES  
PRESENTED IN ANNEXED TABLE 12-1. GIVEN FLUID  
SITUATION IN WHICH UNIDO FINDS ITSELF BOTH ORGANIZATIONALLY  
AND IN TERMS OF DEVELOPING PROGRAM IN FOLLOW-UP OF LIMA  
AND 7TH SS, IT WILL PROBABLY BE NECESSARY TO ENVISAGE  
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ADJUSTMENTS AND REFINEMENTS OF P/B FOLLOWING ACTION

THEREON ON 30TH GA. GIVEN SITUATION WHICH HAS DEVELOPED ONE APPROACH MIGHT BE A KIND OF "CONTINUING RESOLUTION" TYPE OF ACTION, I.E. AVOID EXPLICIT ENDORSEMENT OF THE PROGRAM BUT VOTE UNIDO THE SAME RESOURCES ADJUSTED FOR INFLATION AS IT RECEIVED IN 1975, WITH IDB/GA REVIEW NEXT YEAR OF ADJUSTED AND BETTER-PRESENTED PROGRAM/BUDGET FOR 1977.

3. IN SOME INSTANCES (PARAS 12.12, 12.14, 12.25, 12.26 AND 12.28-29 ARE EXAMPLES) DESCRIPTION OF SO-CALLED PROGRAM IS MORE IN THE NATURE OF A STATEMENT OF THE ORGANIZATIONAL UNIT'S TERMS OF REFERENCE RATHER THAN AN EXPOSITION OF SHORT-RANGE OBJECTIVES TO BE ACHIEVED OVER THE PERIOD THROUGH SPECIFIC ACTIVITIES. THIS SHORTCOMING IN PRESENTATION APPEARS TO BE LARGELY THE CASE IN RESPECT OF ELEMENTS OF THE POLICY COORDINATION PROGRAM.

4. PARA 12.2: ASSUMING THAT UNIDO-III IS HELD IN 1979 IT IS NOT CLEAR WHY THE PREPARATORY REGIONAL MEETINGS WOULD NEED (ALL) TO BE HELD IN 1977 RATHER THAN 1978. ONLY ONE REGIONAL MEETING (AFRICAN) HELD IN 1973 (DECEMBER) IN PREPARATION FOR LIMA (MARCH 1975). THE OTHERS WERE HELD DURING 1974.  
PARA 12.8: WE HAVE ALREADY COMMENTED ON THE REQUEST FOR THREE ASG POSTS.

5. POLICY COORDINATION - PARA 12.10: SINCE THE USE OF UNIDO AS A FORUM FOR INTERGOVERNMENTAL NEGOTIATIONS IS TO BE AT THE REQUEST OF THE GOVERNMENTS DESIRING TO NEGOTIATE IT WOULD APPEAR IMPOSSIBLE AT THIS STAGE TO SAY WHAT THIS PROGRAM ACTIVITY WILL CONSIST OF. IN ANY CASE OUR POSITION HAS BEEN THAT THE REGULAR BUDGET SHOULD NOT BE CALLED UPON TO COVER ITS COSTS.  
PARA 12.15: IT IS NOT CLEAR THAT THE INTERAGENCY COMMITTEE HAS BEEN ESTABLISHED NOR HOW ACTIVE IT MIGHT BE AND WHAT IT WOULD BE OCCUPIED WITH.  
PARA 12.16-12.24: CONSIDERABLE EMPHASIS IS PUT IN THE P/B PRESENTATION ON UNIDO'S CONTRIBUTION TO ACHIEVING THE NIEO AND FOLLOWING UP ON LIMA. IN THIS CONTEXT, AN IMPORTANT PLACE IS LIMITED OFFICIAL USE

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GIVEN TO PROMOTING INTERNATIONAL CONSULTATIONS AND NEGOTIATIONS. GIVEN OUR RESERVATIONS ON THE SUBJECT AT 7-SS, WE ASSUME THAT OUR ATTITUDE TOWARD PROPOSED UNIDO ACTIVITIES IN THIS FIELD WOULD BE ONE OF RESERVE UNTIL THE SPECIFICS OF ITS INTENDED ACTIONS BECOME CLEARER (E.G. THE EXECUTIVE DIRECTOR HAS SUBMITTED HIS PROPOSALS TO IDB-X AS CALLED FOR BY SECTION IV, PARA 4 OF 7SS RES 3362). WE CAN AGREE WITH THE SECRETARIAT THAT

THE APPROACH TO CONSULTATIONS SHOULD BE "PRAGMATIC" (12.20) RATHER THAN DOCTRINAIRE. HOWEVER, WITH \$725,000 BEING REQUESTED FOR THIS PURPOSE WE SHOULD SEE THE EX. DIRECTOR'S PROPOSALS BEFORE COMMITTING OURSELVES TO SUPPORT EXPENDITURES OF THIS SIZE. STAFF MEMBERS TELL US THAT THE SECRETARIAT HAS AS YET DEVELOPED NO CLEAR VIEW OF HOW ITS MANDATE IN THIS FIELD SHOULD BE CARRIED FORWARD.

PARA 12.28: WE HAVE NO INFORMATION ON THE INTENDED SIZE OF THIS SECTION. SINCE ITS FUNCTION APPEARS LIMITED (12.29) TO MONITORING AND COORDINATING THE WORK OF OTHER UNIDO COMPONENTS RELATING TO LEAST DEVELOPED IT IS NOT CLEAR WHETHER TWO NEW RELATIVELY HIGH-LEVEL POSTS (P5 AND P4) ARE JUSTIFIED. PARAS 47-56 OF ID/B/150 GAVE A DESCRIPTION OF 1974 UNIDO ACTIVITIES IN THIS FIELD AND IT IS NOT CLEAR TO WHAT EXTENT THIS ACTIVITY WILL BE EXPANDED.

6. INDUSTRIAL STUDIES CENTER - PARAS 12.42-12.49:  
THIS PROGRAM WHICH IS SCHEDULED FOR THE LARGEST INCREASE (OVER \$2 MILLION AT 1975 RATES) IS CONCEPTUALLY IN LARGE PART A RESPONSE TO PRESSURES FOR UNIDO TO DEVELOP "A BRAIN" AND TO THE CONSEQUENT RECOMMENDATIONS OF THE AD HOC COMMITTEE ON LONG-RANGE STRATEGY. THE EXTENT TO WHICH WE SHOULD LEND SUPPORT TO PROVIDING UNIDO WITH SUBSTANTIAL ADDITIONAL RESOURCES FOR CARRYING ON STUDIES WOULD SEEM TO BE RELATED TO THE PROSPECTS FOR AND OUR INTENTIONS WITH RESPECT TO THE III. HOWEVER, WE RECOGNIZE THAT IT MAY BE DIFFICULT TO INTRODUCE SUCH CONSIDERATIONS AT THIS STAGE INTO THE EXAMINATION OF UNIDO'S P/B.

PARA 12.45, FIRST SUB-PARA: ONE OF OUR CRITICISMS OF THE SECRETARIAT'S ENCOURAGEMENT OF THE LDC'S TO WRITE INTO THE LIMA DECLARATION THE 25 PERCENT OF INDUSTRIAL PRODUCTION SHARE TARGET WAS ITS FAILURE FIRST TO UNDERTAKE AN ANALYSIS OF THE IMPLICATIONS OF THE TARGET (WHICH IN OUR VIEW WOULD LIMITED OFFICIAL USE

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HAVE DEMONSTRATED ITS UNREALISTIC NATURE). WE SHOULD PROBABLY WELCOME THE SECRETARIAT'S INTENTION TO DO THIS NOW PROVIDED THE JOB IS PROFESSIONALLY AND OBJECTIVELY DONE AND IS NOT SIMPLY INTENDED TO DEMONSTRATE THAT THE POLICIES OF THE DEVELOPED (MARKET ECONOMY) COUNTRIES MAKE IT IMPOSSIBLE FOR THE LDC'S TO ACHIEVE THE GOAL.

PARA 12.45, SECOND SUB-PARA: IT IS PROPOSED TO SPEND STIBRAVY

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 AF-06 ARA-06 EA-07 NEA-10 L-03

CIAE-00 INR-07 NSAE-00 EB-07 AID-05 COME-00 SIL-01

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\$165,000 TO EVOLVE A CONCEPT AND DEVELOP A PROJECT DESIGN FOR THE ESTABLISHMENT OF INDUSTRIAL ESTATES. THIS WOULD APPEAR TO BE AN AREA WHERE CONSIDERABLE EXPERIENCE HAS ALREADY BEEN ACCUMULATED AND AVAILABLE FOR APPLICATION TO SPECIFIC SITUATIONS IN COUNTRIES REQUESTING ASSISTANCE IN THIS RESPECT. PARA 12.45, FIFTH SUB-PARA: HERE ARE EXAMPLES OF VAGUENESS WHICH OFTEN CHARACTERIZES UNIDO P/B PRESENTATIONS, E.G. PRODUCING "SIX MANUFACTURING GUIDES" AND TWO "AD HOC INDUSTRIAL INFORMATION HANDBOOKS." FURTHER EXAMPLES ARE FOUND IN 12.49, NINTH SUB-PARA WHICH PROVIDES FOR STUDIES ON THE "ENVIRONMENTAL IMPACT OF INDUSTRIALIZATION, COOPERATION IN THE PACKAGING SECTOR AND ON INDUSTRIAL DESIGN." NONE OF THIS REALLY DEFINES WHAT THESE ACTIVITIES ARE TO BE ABOUT. PARA 12.45, FIFTH SUB-PARA: THE PROPOSAL TO HAVE A GROUP OF EXPERTS DRAW UP SUGGESTIONS FOR UPDATING AND REORIENTATION OF THE INDUSTRIAL INFORMATION CLEARING HOUSE ACTIVITY SHOULD BE TREATED IN THE LIGHT OF ANY GA ACTION ON THE 7TH SS INTERNATIONAL CLEARING HOUSE PROPOSAL (RES 3362, SECT. III.1) PARA 12.45, SEVENTH SUB-PARA: THE IDEA THAT TRAINING OF PERSONNEL IN THE LDC'S CANNOT CONTINUE TO DEPEND ON THE TRADITIONAL IN-PLANT GROUP TRAINING ABROAD OR ON INDIVIDUAL FELLOWSHIPS IS A SOUND ONE. WE HAVE NO GOOD BASIS FOR JUDGMENT, HOWEVER, ON WHETHER THE STUDIES PROPOSED (COST \$215,000)

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CONSTITUTE AN EFFECTIVE APPROACH NOR ON WHAT HAS ALREADY BEEN DONE IN EXPLORATION OF THIS PROBLEM.

PARA 12:49: THE TWO STUDIES ON THE PATTERN OF GROWTH OF KEY INDUSTRIAL SECTORS AND THEIR GEOGRAPHIC DISTRIBUTION, INDICATING INVESTMENT OPPORTUNITIES FOR THE LDC'S MAY BE A USEFUL APPROACH TO UNDERPINNING CONSULTATIONS AIMED AT CLARIFYING THE SITUATION WITH RESPECT TO POSSIBILITIES FOR LDC'S TO INCREASE THEIR PERCENTAGE SHARE OF INDUSTRIAL PRODUCTION IN THE SECTORS CONCERNED.

PARA 12:50: UNDER SPECIFIC PROJECTS FOR THE BIENNIUM IN THE FIELD OF TRANSFER OF TECHNOLOGY, THE PROPOSAL TO CARRY ON "AN EXTENSIVE INVESTMENT PROGRAM...IN THE LEAST DEVELOPED COUNTRIES" IN THE AREA OF FOOD PROCESSING IS APPARENTLY INTENDED TO BE FINANCED FROM THE REGULAR BUDGET (\$450,000), SINCE THE PROPOSAL READS "AFTER THE STAGE OF PILOT EXPERIMENTATION HAS BEEN COMPLETED, HOWEVER, EXPANSION OF THE PROGRAM CAN BE FINANCED FROM SOURCES OTHER THAN THE REGULAR BUDGET." THIS APPEARS TO BE CONTRARY TO OUR POLICY OF OPPOSING USE OF RB MONIES FOR TA ACTIVITIES (SEE ALSO GENEVA 6104, PARAS 4 AND 5). THE PROPOSALS TO USE RB MONIES TO FINANCE INDUSTRIAL RESEARCH ON THE DEVELOPMENT OF EASY CARE, FLAME RETARDANT AND SOIL RESISTANT TEXTILES (\$500,000) AND ON THE DESIGN AND MANUFACTURE OF A PROTOTYPE, LOW-COST RICE BRAN STABILIZER (\$470,000) ALSO RAISE QUESTIONS CONCERNING THE APPROPRIATE USE OF ASSESSED BUDGET RESOURCES. IN THE SAME SECTION UNIDO PROPOSES TO UNDERTAKE AN INVESTIGATION OF THE FEASIBILITY OF ESTABLISHING AN INDUSTRIAL AND TECHNOLOGICAL INFORMATION BANK IN FOLLOW-UP OF LIMA PROPOSALS. IT MIGHT BE ARGUED THAT THE RECOMMENDATION IN SECTION III, PARA 1, 7TH SS RES 3362 HAS SUPERSEDED THIS PROPOSAL.

PARA 12.52: THE ONE-SENTENCE STATEMENT ON THE INDUSTRIAL INFORMATION COMPONENT HARDLY CONSTITUTES A DESCRIPTION OF A PROGRAM.

7. FURTHER TO THE PROPOSED PROGRAM FOR THE INDUSTRIAL STUDIES CENTER, WE ARE NOT ABLE TO JUDGE THE OVERALL UTILITY OR PRIORITY NEED OF THE MANIFOLD STUDIES AND MEETINGS CONTAINED IN THE PROPOSED WORK PROGRAM, E.G. WHETHER EXAMINATION OF THE PROBLEMS OF CORROSION IN LDC CHEMICAL INDUSTRIES (12.50) PREPARATION OF MANUALS ON NEW USES OF PLANT MATERIALS FOR DRUG LIMITED OFFICIAL USE

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MANUFACTURING, OR A MEETING ON TRENDS TOWARDS RESITING SHIPBUILDING AND SHIPREPAIR INDUSTRY IN THE LDC'S CONSTITUTE THE MOST USEFUL EXPENDITURE OF RESOURCES.

8. INDUSTRIAL OPERATIONS: PARA 12.54 DESCRIBES THE ACTIVITIES OF THIS MAJOR PROGRAM (IMPLEMENTATION) AS CONCENTRATED IN FOUR PRIORITY AREAS IN KEEPING WITH THE LIMA DECLARATION. SINCE PROJECTS FOR UNIDO EXECUTION WILL PRESUMABLY CONTINUE TO BE LARGELY UNDP FINANCED THROUGH IPF'S, WITH THE

RESULTANT COUNTRY PROGRAMS DETERMINING WHAT PROJECTS UNIDO  
WILL BE CALLED UPON TO IMPLEMENT, THE IMPLICATIONS OF  
THIS STATEMENT ARE NOT CLEAR.

9. AS REGARDS CONSULTANTS, SERVICE AGENTS (OUTSIDE EXPERTISE  
RENDERED BY OTHER THAN INDIVIDUALS) AND EXPERT GROUPS, ALL  
OF WHICH IT MAY BE ARGUED FALL CONCEPTUALLY INTO THE SAME  
CATEGORY OF EMPLOYING OUTSIDE BRAINPOWER, GOHOREL TELLS US  
THAT THE 1976-77 ESTIMATES COME TO \$3,926,000 COMPARED WITH  
PROJECTED EXPENDITURE IN 1974-75 FOR THESE PURPOSES OF  
\$1,026,000, I.E. AN ALMOST FOUR-FOLD INCREASE. IT IS NOT CLEAR  
THAT UNIDO CAN EFFECTIVELY SPEND THIS AMOUNT UNLESS RELATIVELY  
LARGE SUMS ARE COMMITTED FOR SUCH PURPOSES AS PILOT DEMON-  
STRATION PLANTS AND INDUSTRIAL RESEARCH, WHICH ACTIVITIES,  
AS NOTED ABOVE, RAISE OTHER PROBLEMS IF THEY ARE TO BE  
FINANCED FROM THE REGULAR BUDGET. STIBRAVY

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## Message Attributes

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